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STRATEGIC PLANNING FROM THE
GROUND UP:
*A VENTURE IN PROGRESS IN THE
CITY OF FREMONT*

A practitioner paper
prepared for the
Western Governmental
Research Association
by
Neil Grasso, *Director of
Management Analysis,
City of Fremont*

January 30, 1989

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Acknowledgments

As in any venture of this magnitude, there are many people who have made invaluable contributions. The original team of co-conspirators included David Millican, Finance Director, Susanne Uy, Administrative Analyst, and Doug Eads, Assistant City Manager - a man with a special genius for senseless but catchy acronyms. The process continues with the fresh contributions of Jim Hill, Budget Analyst, and Management Analysts Susan Ford and Beth Schoenberger. Special thanks go to City Manager Kent McClain, who creates an environment in which this kind of innovation is possible.

Finally, the true contributors here to the field of public administration are the City of Fremont department staffs. Without their kind and tolerant suspension of skepticism, and then willing cooperation and enthusiasm, this project would have been but another nice idea in the hall of theoretical irrelevance.



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Synopsis

The processes of private sector strategic planning have been applied with increasing success in the public sector. For the city, however, most efforts have centered on long-range *community-wide* concerns. The City of Fremont has initiated a strategic planning process with a five year window which requires every city government department to construct a strategic plan. These department plans are then aggregated into a guide for the city government as a whole. It is organizational strategic planning from the ground up.

Known as SPUDS, the process is an entirely new breed of public organizational management: it both values the accumulated wisdom of city staff professionals, and demands a context be set for budget requests. The City Council and the public at large have a much better understanding of staff objectives and key management issues. This paper describes the process and discusses the implications for municipal management.

Time to Look Up

As any government professional well knows, day-to-day affairs have a tendency to grow beyond the time available to deal with them. There is no such thing as spare time. Unfortunately, long range planning tends to be scheduled for your spare time. Fictional hours translate seamlessly into fictional plans, and the government manager slowly ceases to address the larger trends. At times, the consequences of this behavior erupt into a crisis, but more often, they are less easily identifiable. Nonetheless, year after year of muddling through takes an insidious toll. One missed opportunity may be disappointing, but years of missed opportunities amount to a government of mediocrity. It is tragic to wonder what a community might have looked like.

If what? If the government professionals had the means with which to plan, to anticipate, and to increase their control over their environment. There is a philosophical issue lurking here. Managing your resources well is not simply a matter of being a good manager, it is a matter of public accountability. The traditional distinction between the elected official - who has broad policy setting powers and strong public accountability - and the government employee - who has a more administrative function and a weaker link to the constituency - is beginning to fade. Public officials are looking to the professional public sector manager to provide the forecasts, insights and analyses on which to base their policies. A policy based on a certain set of assumptions can only be as strong as the validity of those assumptions. Similarly, public employees have to assume greater responsibility for their actions. As management issues grow in magnitude and complexity, so grows the discretion which public managers can exercise. The question is usually not whether discretion exists, but rather who will exercise it, and how they will do it.

Fremont's Planning History

Formed in 1956 from five communities, the City of Fremont is a municipality in Alameda County of approximately 170,000 people. Located on the southeast side of the San Francisco Bay, it has the fourth largest population in the Bay Area, behind San Jose, San Francisco and Oakland. Its character is rapidly changing from its rural roots. It is both a bedroom community to Silicon Valley and more northern Bay Area cities, but it is also coming very quickly into its own as an employment center with a high-tech flavor. There are currently 1.9 employed residents for every job in the city, with the expectation at current rates of development to reach .66 employed residents per job over the next 30 years. Growth, and change are the bywords, however. The city's assessed value is 8.8 billion dollars, some 904 million of which occurred in 1987 alone.

The city was born with a strong planning philosophy. In 1956, community leaders understood they had a rare opportunity to plan and manage with a clean slate, and their efforts took the form of long-range community-wide planning. The result was Fremont's unusually thorough General Plan - one which generated national interest and acclaim. In 1966, University of California Professor Stanley Weir conducted a Ford Foundation study of Fremont's planning process. He noted that "Fremont is a showplace for national planners because it demonstrates that planning can become a legitimate part of the entire development process." More important, however, was the opportunity Fremont's planning process allowed for community involvement - to exercise its discretion in development issues. Professor Weir concluded that the greatest value of Fremont's General Plan "has been that it supplied the vehicle for hundreds, if not thousands, to become involved in sustained political activity."

Types of Strategic Planning

Fremont provides a textbook example of the difference between classic long range or comprehensive planning and the notion of strategic planning. John M. Bryson and Robert Einsweiler describe the conceptual difference: "Strategic planning typically focuses on an *organization* and what it should do to improve its performance, and not on a *community*, the traditional object of attention for comprehensive planners. Neither does strategic planning typically focus on a *function*, such as a transportation, or educational system within a community." But, they continue "as emphasis on strategic planning doesn't preclude comprehensive planning, and the two can be complementary." While this definition accurately describes this difference between long range planning and the City of Fremont's newest efforts, very similar strategic planning concepts have been applied to a number of different processes, thereby confusing the issue. There are essentially three types of planning which need to be distinguished here: long-range, or comprehensive planning, community strategic planning, and organization strategic planning.

Three Types of Planning

Characteristics

Long-Range/Comprehensive

This planning falls within the purview of classic notion of the planning profession. The attempt is to develop a twenty, thirty or forty year General Plan to guide the development or redevelopment of the city. Land use is the overarching concern, with other issues such as housing, transportation, economic development, etc., being defined within the land use context.

Community Strategic Planning

Community-wide strategic planning is the next step in evolution of the General Plan process. City staff organizes citizens to identify and address possible responses to the major issues likely to affect the community over the next twenty years or so. Land use may be one of them, but other issues are not necessarily defined within its context. Strategies and action-oriented goals are developed, rather than more general guiding principals.

Organization Strategic Planning

This level of strategic planning shares many of the processes of the community level strategic planning, as well as some of the issues. Issues are identified and strategies developed - but the focus is on the city government organization. This is the City of Fremont's SPUDS.

The City of Fremont has undertaken efforts in each of the above three categories of planning, with SPUDS falling into the third. The second two categories have something in common: they were developed first in the private sector. Before describing SPUDS in detail, it is important to take a brief moment to touch on the history of private sector strategic planning and how it has been applied to public sector models. It is also necessary to explain in greater depth the difference between community-wide strategic planning and organization strategic planning.

Private Sector History

Strategic planning in the private sector has a long history, dating from the early 20th century. The evolution of strategic planning has been somewhat piecemeal, but the two greatest forces affecting its development were the credentialisation of the business class, manifested by the proliferation and acceptance of the MBA program, and more recently, the influence of Japanese culture. The masters of business administration made strategic planning (along with other management tools) a matter of academic discourse. The case study method at the Harvard Business School lent an academic structure and legitimacy to previously undocumented concepts. The Japanese have recently given firms in the United States both daunting competition and new management concepts. One concept is the notion that all workers in the firm have a responsibility for the product and also something to contribute to the strategic decisions of the company.

Today there are currently a wide variety of strategic planning models competing for attention in the private sector, and as a result, the public sector. They all serve as guides for fashioning an organization's response to a particular environment. The more well known models are the Harvard Policy Process Model, The McKinsey 7-S Framework, the Boston Consulting Group's Portfolio Model, and Porter's Industry Competitive Forces Model. This a healthy menu of choices, but does not imply that one is necessarily better than another. Each model is designed to address a specific situation, and one will work better in one environment and not in another. For example, some models place a heavy competitive emphasis on assessing the *environment* in which the organization operates. One organization's gain is considered another organization's loss. This approach is clearly not appropriate for some public agencies. Some of the more recent models which take a public sector approach are the Nutt and Backoff Model and Strategic Planning Guide developed by Public Technology Inc., Arthur Anderson & Co., and the U.S. Department of Housing and Urban Development.

The Applicability of Private Sector Models to the Public Sector

One may legitimately ask whether any private sector model is appropriate at all to the public sector. Different models will function in different ways when applied to the public sector, and usually the answer is simple enough: you must be aware of the intended outcome of any model, and tailor its objectives to your needs. Obviously, the basic motivations of a private sector and a public sector organization are quite different. Private firms are driven primarily - though by no means exclusively - by profit, whereas public organizations primarily answer to constituencies or other public organizations. Robert Einsweiler, a professor of planning and public affairs at the Humphrey Institute at the University of Minnesota, notes that the public organization must "execute a mandate within legislated limits."

Clearly, when taking a private market based strategic model and applying it to the public sector, the importance of profit motive is devalued (although not eliminated, for the profit motive is buried in a nexus of associated values - such as efficiency, productivity, consensus building - which have applicability to the public organization) and other motives, such as responsiveness to varied constituencies, and executing mandates, rise in value.

Gaps in the Community Strategic Planning Model

In the public sector when people talk of strategic planning they are usually talking of the community-wide variety. A logical extension of the long-range planning approach, this model helps the city develop an identity and a course around which the citizens rally. Viewing themselves to be in a competitive environment for economic resources, partly as a result of Reagan Administration emphasis on local solutions and resources - many cities are now beginning to plan strategically with a vengeance. Pasadena, the Twin Cities, Sacramento, and San Francisco, have all very recently attempted to construct a community-wide strategic plan. Highly structured, but with the primary concern being to involve the citizens in order to create a sense of ownership, the typical citywide strategic plan has the following elements:

- ☐ Identify potential key issues facing the city, through surveys, soliciting opinions from the city council and city staff, community seminars, and the collection of basic data (demographic, employment, land use, educational, cultural etc.)
- ☐ Select members of a strategic planning committee.

- ☐ Conduct a community seminar to discuss and rank the issues.
- ☐ Analyze the issues with respect to the city's external environment i.e., economic, technological, regulatory, social, and political.
- ☐ Analyze the issues with respect to the city's internal environment, i.e. compare the strengths of the community to other similarly situated communities.
- ☐ Set a vision for the city which represents its best possible future given current realities.
- ☐ Set goals to address potential threats and capitalize on strengths.
- ☐ Define the action plan.
- ☐ Document the strategies.
- ☐ Act on the strategies.

The consulting firm of Arthur Anderson has conducted a number of these strategic plans, and the experience has been that they have great value in consensus-building. The community participates actively in determining its future, and a cohesive sense of direction is built. Moreover, broad policy directives are set, and resources are more likely to be directed to the most critical needs.

While the community-wide strategic plan is a logical extension of Fremont's first long-range or comprehensive planning efforts, it is not SPUDS, and, in fact, it is farther afield from the classic private sector notion of strategic planning. Remember, the private sector approach uses as its basic unit of study the organization.

The City of Fremont is in fact currently undertaking a community-wide strategic planning process in addition to SPUDS. Guided by the firm Arthur Anderson and principle consultant Jim Hudak, the effort, know as Telesis 2010, has at this point identified nine broad issues which appear to concern the public the greatest. They are:

- ☐ City Image/Identity
- ☐ City Services/Municipal Facilities
- ☐ Culture/Entertainment/Recreation
- ☐ Economic Development

- ☐ Education
- ☐ Human/Social Services
- ☐ Land Use/Development
- ☐ Relations with Other Communities
- ☐ Transportation/Traffic

These issues may appear overly broad; to some degree one might politely point out that they represent pretty much the basic panoply of issues any city government is going to have to deal with. It is true that these issues will have to be honed down and refined to a more specific and manageable list. Even so, the list says more than might first meet the eye. For example, note that issues such as crime, redevelopment, health care and housing are not listed. Fremont residents feel fairly secure in their quality of life in these areas. Also, although the issues are listed alphabetically, it was clear that transportation/traffic would rank near the top of almost everyone's list. It is the one issue which could have the most dramatic effect on quality of life in the community. It is a discreet issue, and provides the city with an opportunity to direct resources to its solution.

But there are weaknesses associated with the community-wide strategic plan. First, while it often proves fairly successful in crystallizing a community-wide consensus, one of its most delicate links is the conversion of these broad policies to government action. It is a grassroots effort. Policy is developed by polling the citizens, simplified into a broad directives, and then filtered back down to the city staff for actual execution. What often gets lost in the translation are the years of accumulated experience of city staff. It tends to disenfranchise from its construction those people who will be charged with executing the plan: the city staff. It is elitist and wrong to imply that the best city government is one by an enlightened professional class. There is, however, a reason government professionals are hired - they have the time and expertise to fathom the nuances of the issues. A sense of ownership in the plan is just as important for these people as it is for the community at large. Another matter is simply that of management. The public at large, while the democratically proper body to decide and mandate policies - both broad and narrow - is hardly the most efficient group to decide on the best way to administer and carry out policies on a day to day basis. This is, so elementally, why the government was formed in the first place. Issues such as how many firefighters to hire, how many streetsweepers to buy, how best to provide financial and information management services to both the public and other city operating departments are all usually beyond the normal purview of the citizenry. (The citizenry nevertheless is still the last authority. If, for whatever reason, the public

chooses to become involved in the city's purchase of paper clips, they have every right to do so. In normal situations though, efficiency would dictate that this not be the case.)

The Fremont SPUDS Proposal

SPUDS was conceived by the city's budget team, comprised of four people: the Assistant to the City Manager, the Director of Management Analysis, the Finance Director, and the Finance Administrative Analyst. Our objective was to create a process which would give the 13 city departments the opportunity to take the long view, review their operations, how they delivered their services, and create for themselves a menu of issues which would be most important for them to address their resources to in the next five years, plus or minus two. Each department would enter into a strategic planning process, and write a strategic plan. The plan would be used as the tool for the departments to communicate their needs to the City Manager and the City Council more effectively. Our byword was simplicity, which served as a useful counterpoint to the more difficult and problematic issues the process addressed.

The ultimate goal of the strategic process is to compile all of the department plans into a single document, note the citywide trends, and, in essence, generate a strategic plan for the full government of the City of Fremont. It is this characteristic of the plan which is somewhat unusual. When strategic planning efforts are carried out, normally they are done on a community-wide basis, as discussed above, or smaller, independent government agencies or units construct their own plans with no eye toward a larger coordination. Another approach is to construct a strategic plan which focuses on only one issue. A government agency will, for example, realize that it needs to address a specific issue, such as economic development, and then construct a plan which cuts across all of the agency's resources to address that issue. It is uncommon that an agency as large as a city will require that each and every department go through a strategic planning process which has as its scope any and all management issues.

The General Approach and Schedule

The budget team, understanding that the approach would be new and unusual, attempted to make the process as friendly as possible. Tongue-in-cheek, and with an obvious reference to the multitude of tortured bureaucratic acronyms, we deemed the process Strategic Planning for Unified Decision Support, or SPUDS. This turned out to be something of a minor stroke of genius. Having to overcome a healthy dose of suspicion from city staff, the phrase managed to turn that suspicion into

curiosity, and as the process unfolded, the generic term took on an active meaning to people. In fact, the word is now a verb in the city, as in "Its time to spud!"

There was a general orientation meeting for the entire city staff, in which the budget team made it clear that while the plans would be tied very closely to budget decisions, that the plans would come first. Budget requests were not to be generated without first thinking through and articulating a plan, and any request should either make reference to a specific point in the plan or explain why it does not tie-in.

The General Timetable

- ☐ Strategic Plan Development with Budget Team Facilitators
- ☐ First Cut Supplemental Budget Requests
- ☐ Document Compilation and Distribution to Other Departments for Comment and Budget Team Analysis
- ☐ Presentations to City Manager of Strategic Plan and Supplemental Requests
- ☐ City Manager comment and approval of Supplemental Requests
- ☐ Presentation of Strategic Plans to City Council
- ☐ Presentation of Supplemental Requests to City Council
- ☐ City Council Comment and Approval of Budget

The departments' strategic plans first pass through the facilitators for comments and suggestions, and then they are presented in both written and oral format to the City Manager and the City Council. At this point the plans are still viewed as changeable, and the departments are advised to feel free to revise after they have received input from the Council and City Manager. While effective presentation is important, the budget team counseled departments not to be "slick." Substance was valued over style. Further, the budget team asked departments to be "open." A memo explained:

Also, and this is critical, do not feel the department has to present a perfect package. The world is not perfect, the departments are not perfect, and the City Manager and Council will greatly prefer an honest assessment to forced solutions. Talk about the problems and weaknesses, and if your department cannot come up with a solution which makes sense to you, say so. The solution could just as easily

come from the City Manager, Council, or other department reading your plan.

One final but very important point the budget team emphasized was the *evolutionary* nature of the strategic planning process. The whole aim of SPUDS was to find a method of planning which works best for the particular organization. Therefore, if it became evident that certain aspects of the process were not as productive as others, the budget team made it clear those elements would be dropped or altered. Participants were encouraged to suggest revisions. It was expected the process, within the larger framework, would take on somewhat varied form for each department. For example, the budget team anticipated departments such as Human Services or Community Services might need to evaluate the needs of their constituencies more frequently than departments such as City Clerk or Finance. Further, it was a very real possibility departments would discover issues they would not have the resources to respond to, or which somehow did not seem to make sense to respond to. The process would be altered to accomodate these needs.

The Final Product

The final product of the strategic plan and budget process consisted of two documents. The first was a detailed compilation of the strategic plans of each department. Each of these plans was between 5 and 7 pages in length. The document included an opening section identifying citywide themes and a budget team analysis of each plan. The second document was the budget itself, which includes base budget and supplemental budget requests, all in the context of the strategic plans. ➡

The Participants

Strategic planning does not involve mirrors and smoke. It is a very straightforward process - individual elements of which everyone does on a daily basis. Simple common sense goes a long way, and a very realistic and thorough plan can be constructed simply by sitting down and talking it through. The planning process, then, is designed to involve as many people in the department as possible. All members at some point are asked for either information or comment. The active

➡ The City of Fremont's budget can be thought of as two documents. The first is the base budget, which generally contains those items which have been previously authorized and funded. Certain programs and levels of service are assumed. The analysis of base budget items is usually limited to forecasting what level of funding will be necessary to maintain service at the previous year's levels. This primarily means anticipating inflation. The second document is the supplemental budget, which represents request for supplies, services, capital items or personnel above current service levels. This area of the budget is more subject to debate, and can, in lean times, foster greater competition for resources. It is also the location for the development of innovative programs.

planning group, however, called the strategic management group, or SMG, is generally comprised of the Department Head, Division Heads, Senior Personnel, Administrative Assistants, and Budget Officers. If too large, it is possible it could become difficult to reach consensus in the actual planning sessions. We were wary, then, of letting any one SMG grow larger than 15 people.

The budget team acted as the facilitators for the process. We each took on two or three departments, viewing our role to refrain as much as possible from making substantive comment on the department's operations, but simply to move the SMG through the process. There was a stage built into the process later for the budget team to review the plans. The facilitator also made suggestions or served as a resource for analytical techniques. Our aim was to be flexible and responsive to the SMG's input on the structure of the process. The facilitator was not responsible for maintaining records, making conclusions, or writing reports. The facilitators were to worry about the process, while the department staff was to worry about the substance of its plan.

The Stages of the Process

There are six stages to the process (see diagram). These stages have a logical progression to them, but they do not always have to follow a rigidly linear path. At times it makes sense to return to an earlier cycle for revision based on information gleaned from a later cycle.

In each stage the participants were asked to search for and then synthesize information. Information may come from a variety of sources: modest surveys, existing statistical data, or, most often, simply the minds and memories of the participants. The "synthesis" step requires the SMG to make sense of the basic information. Patterns, themes, and trends are identified. The relative merit of the generalizations should not be judged. In the final step, "selection," the information, themes or trends are evaluated and agreed upon.

Stage One

This is known as the "environmental scan." The job of the SMG in the first stage is to understand the department in relationship to its environment. The SMG identifies external and internal events, trends, pressures and mandates. For the City of Fremont, very obvious trends affecting many departments are population growth, commercial and industrial development, the impact of Proposition 13, the organization's response to Proposition 13, and the rate of change of both information flow and the availability of tools to handle that information. The facilitators provide the SMGs with a baseline citywide environmental scan which the departments use as a point of departure.

The SMG should attempt to identify the sense of movement of the organization. Usually these movements can be tracked on four axes: external environment pressures, programs and services, resources, and general management trends. For instance, the City Clerk's Office might note that over the past few years, there has been a greater demand from the public for general information on government resources, that the office has responded by publishing a city newsletter and shifting a larger number of constituent inquiries to the clerical staff, and that the management has been forced to become more delegatory.

Stage Two

Next the SMG identifies the issues which seem to be most important to the department. This should be considered a brainstorming session; all members of the SMG should freely suggest issues. While the issues should bear a relationship to the forces identified in the scan, one should not worry about scrutinizing them too closely at this point. The main idea is to be as complete as possible.

Once the issues are identified, the facilitators lead the SMG through a ranking procedure, and the group settles on the top five or six issues which seem most important to the department. In other words, the *imperative* is separated from the merely important.

Stage Three

This is something of a break stage, allowing the SMG to sit back for a moment and reflect on where the department should be headed. This means some thought should be given to both ideals and the practical goals. A typical vision would be a concise statement of the department's operating philosophy. For example, a vision for the Finance Department could read as follows:

A philosophy of interest in services, facilities and people which adapts to change in order to maximize the community's investments.

A second version, perhaps more concrete, could read:

The financial philosophy is to develop a balanced revenue portfolio stream which provides an adequate level of service and facilities with enough financial and organizational capacity to anticipate and respond to changing community needs.

The mission statement incorporates the vision and then details more specific goals. Specific goals could be the provision of services, such as cost accounting, budget

analysis, etc., or simply desired operating levels, such as portfolio returns, or speed with which accounts are logged. In any event, at this stage it is much more important to construct a vision than to worry about the practical goals. Later in the planning process the vision will be revisited, revised, and then developed into a full mission statement.

Stage Four

The Harvard Strategic Planning Model is now famous for its development of the acronym SWOT, which stands for Strengths, Weaknesses, Opportunities and Threats. A situational evaluation can be easily structured into these four categories. The idea is simple: evaluate the department in each area. This stage is extremely important because, if done right, the department makes a frank assessment of the pressures it faces and its ability to respond to those pressures. Identifying weaknesses should not be thought of as a value judgement.

For example, the Finance Department might identify one of its strengths as its ability to exercise basic accounting and cash management controls. Budget preparation wins awards and the city's bond rating agencies are favorably impressed. Its weaknesses, however, rest in its ability to track costs across departments, or develop impact fees which have a sound financial rationale. Moreover, the department may have a great need to enhance its ability to manage in a longer timeframe rather than react to yearly budget cycles. Opportunities and threats should be similarly catalogued.

The outcome of this analysis is where the strategic plan really begins to gel. It can become crystal clear just where the department has been having difficulty and why, and it can also become clear where there are opportunities to become much more effective and efficient.

Stage Five

In this stage the SMG thinks through the actual strategies to respond to the environmental and SWOT analysis. Again, it is a brainstorming session. It is not necessary to have all the strategies be new, it is both quite possible and likely that many of the department's programs are already responding effectively to the environment. This however, is an opportunity to think the department's actions through, especially with regard to the future.

Thus, with the results of the SWOT analysis in front of them, the SMG begins to "suggest concrete actions which the department can undertake to manage the issues so as to *build* on strengths, *overcome* weaknesses, *exploit* opportunities, and *blunt* threats."

The City Clerk, for example, may respond to the greater demand from the public for information by incorporating a new public information officer division. In order for management to devote more time to increased information analysis needs, greater constituent work could be shifted to the clerical staff. Less mainstream ideas could involve setting up a city-sponsored computer database and bulletin board - accessible from modems at home or the schools and libraries. Whatever the idea, it should not be evaluated as it is suggested, simply listed.

Stage Six

The final stage occurs after the SMG has had a chance to digest what has taken place so far. One or two people from the group will be designated to write a rough draft of the final mission statement and plan, which will consist of three sections. The first section will be a listing of the imperative issues facing the department and a brief description why. The second section will be the mission statement including vision and more specific goals. The third section will be the strategic plan - the actual actions and policies the department plans to undertake in order to respond to its environment and achieve its goals. The SMG will review the rough draft and make any final revisions necessary. The report should be concise.

Where SPUDS Can Go Wrong

While it is clear there are many benefits to be realized from a process such as SPUDS, there is no doubt the method cannot be applied to all cities. There are real areas of danger for failure. First and foremost, there has to be an organizational culture which will allow for this kind of discussion. If the organization has a history of distrust, or an excessively hierarchical structure, it will require some form of organizational development before it can open up its planning processes in this manner. Second, SPUDS absolutely must have the City Manager's stamp of approval, and at least the willingness of the City Council to attempt the experiment. If there is a mandate from City Council for this process, it helps to establish legitimacy. As in most new ventures, there is a great deal of institutional inertia to overcome. One of the greatest pitfalls would be to make the mistake of not understanding the previous planning processes the organization has undergone, and whether they were successful or not, and why. If SPUDS is proposed for a city which has seen previous and faddish systems come and go, or worse, actually experienced some setback or failure as a result of one of these processes, the ability to establish legitimacy will be greatly hampered.

Independent of the individual history of the organization, there are other vulnerabilities in the process which must be monitored closely. Perhaps the most

overriding concern is the need to structure very carefully the interactions between the departments and the City manager and the City Council. Expectations must be clearly defined. The process opens the forum of debate and therefore begs response or "feedback," but "feedback" from the City Council all-too-easily can become an unappealable decision on the merits of the plan. Unless the city has a highly cooperative environment in which City Council members have a deeply involved and "hands-on" relationship with the city's departmental managers, it is best to allow the City Council simply to receive the plans, clarify issues, and then express their policy choices in their funding decisions. A City Council's best role is to determine policy, and the city staff's best role is to be both administrator and manager.

Council, not having participated in the strategic planning sessions, would violate that very process if they began to make determinative judgments concerning the merit of assumptions and thought processes involved. If a department has misunderstood the general policy direction of the Council in its assessment of the environment, Council should make that known, and the department should have an opportunity to revise its plans. The simple fact of the matter is that the City Council has the ultimate authority in deciding whether or not to fund a given program. They should not be involved in *constructing* the departmental strategic plans; they should comment and either approve or disapprove the general direction.

If the City Council disagrees drastically with the direction of a component of a department's plan, it is important to ensure the resulting critique does not unduly tar the strategic planning process. "If the result was bad, then the process must have been bad," is a mistaken conclusion and must be avoided. First, reasonable people can disagree. A reasonable process can produce results on which people will differ. Second, it could be quite possible elements of the process are not ideal. Participants must be able to critique these components of the process without feeling the validity of the entire process is suspect. In our efforts with the Leisure Services department, for example, it became apparent the City Manager had some substantial reservations regarding their plan. He felt they needed a fundamental shift in their orientation. This is not something the participants necessarily could have anticipated. The solution, however, was to rework the plan by substituting a component of the process for another component more in line with the City Manager's desired outcome. The Leisure Services Department conducted a stakeholder analysis in addition to their SWOT analysis, ultimately focussing on who their "customers" would be. The revised process brought the department's thinking much more into line with the City Manager's, and the result was a strategic plan which was well-received by the City Council.

A second difficult area is more unavoidable. Whereas a City Manager or a City Council may or may not react negatively to a plan, the process is guaranteed to

expose departments and staff to some manner of public criticism. The process requires that the departments assess weaknesses as well as strengths, and there are not insignificant implications to the public admission of weakness. On this matter, the theory is clear: a department or city cannot begin to address problems if it does not recognize them and discuss them. This aspect of the planning process is critical to its true value as an effective management tool. It is also a matter of public accountability. However, it would be naive to pretend that there is no danger in the public discussion of weakness.

The solution lies in carefully laying out the “rules of the game” to all participants. City Council members must be made to understand that problems will be identified honestly, and that this should not be an opportunity for unbridled criticism (unless, of course, the problems fall into the realm of criminality, or public malfeasance). The goal of the process should be clear: it is a *cooperative* effort to come to real solutions. The second important player is the media. They may choose to portray information in a light which undermines the trust required for the process. This is one of the unavoidable costs in a free speech world. The press should be given information in accordance with all public disclosure laws, but it also would be wise to ask Council members not to comment until there has been an opportunity for them to clarify issues with city staff. The City Council should be supportive, and not use the information for political purposes.

This, of course, is a best of all possible worlds answer to a real world problem. There will be instances in which the media, contrary to good intentions, will present the information in an inflammatory way, or a City Council member will break from the fold and hope to exploit staff’s poor performance for political gain, or, perhaps the worst case, a true instance of mismanagement is uncovered. These are genuine risks to a process such as SPUDS. The final calculation which any city considering the process must make will weigh the management gains against the potential for the surfacing of such ugly matters. It will also take into account the kind of problems likely to surface, and the city’s ability to handle them in a constructive, or at least a non-destructive manner. It is important to realize, however, that these risks exist whether or not there is a strategic planning process. Undiscovered information has a way of working its way to the top. Therefore, some cities may actually view the strategic planning process as a more controlled way to deal with these “hot” issues. While they may surface more quickly than if the process had not been implemented, such issues are surfaced with insight and accountability rather than with surprise and accusations.

Evaluating Success

SPUDS is designed to engender and respect accountability and thought at all levels of the organization. The evaluation of its success, then, has to derive from the same source. At the conclusion of the process, all participants were surveyed. They were asked nine questions:

1. How well did the process work in helping your department staff communicate to one another?
2. How well did the process help you think about your department's goals and mission?
3. How well did the final strategic plan express your organization's goals - regardless of whether you agreed with those goals?
4. To what degree did you personally agree with the issues and strategies of the plan?
5. How well did the plan help to communicate your department's story to the City Manager and City Council?
6. Would you like to participate in the process next year?
7. How well do you feel you understood the objectives of the process?
8. How well did the plan help you to understand the missions and strategies of other departments?
9. If you could change anything about the process for next year, what would it be?

There was a healthy sample size, and the results proved extremely instructive. SPUDS had the most favorable response to Question 2, how well the process helped the individual think about their department's goals. 88.7% of the respondents believed the process helped their thinking either "very well" or "well." SPUDS received the least favorable response to Question 8, how well the plan helped the individual understand the missions and strategies of other departments. Only 31% answered "very well" or "well," with 32.4% answering only "fair" and another 35.2% answering either "not so well" or "not well at all." Responses to the other questions indicated a fairly high approval of the process, with 95.8% of the respondents saying they "would" or "possibly would" like to participate in a similar process next year.

The results varied to some degree from department to department, but the citywide consensus was strikingly clear: although SPUDS had done a good job of getting people within departments to express their missions, goals and strategies, it had not done as good a job in facilitating communication of departmental plans between departments. A little analysis reveals the weakness in the structure.

The process required presentation of departmental plans to the City Manager and the City Council. The sessions for presentation to the City Manager were open to any and all staff, but there was no requirement that anyone attend. Some staff took advantage of the opportunity, but most did not. The chronic problem of daunting daily schedules proved the culprit. Everyone involved in strategic planning did, in fact, attend a Saturday morning session where all plans were presented in succession to the City Council. This occurred at the conclusion of the budget cycle. Ultimately, however, this turned out to be ill-conceived. Both City Council and staff were exhausted by the budget cycle, and the plans were jammed into one four hour session- giving no one plan enough time for a healthy investigation and giving all staff a regrettable case of information overload.

The facilitators had hoped the process would have inspired interdepartmental discussion on an informal basis, but there was no requirement for departments which had cross-cutting issues to discuss them. There was extensive documentation, but it appears staff had limited time to read and absorb it. The lesson was not to be missed: the facilitators had entrusted too much to informal communications.

SPUDS Survey Results

1. Help Dept Staff Communicate to One Another?

Other	0%
Very Well	35.21%
Well	43.66%
Fair	0%
Not Well	0%
Not at All	0%

2. Help You Think About Dept Goals and Mission?

Other	0%
Very Well	40.85%
Well	47.89%
Fair	11.27%
Not Well	0%
Not at All	0%

3. Did Final Plan Express Your Dept's Goals?

Other	1.41%
Very Well	30.99%
Well	57.75%
Fair	9.86%
Not Well	0%
Not at All	0%

4. How Much Did You Personally Agree With The Plan?

Other	1.41%
Complete Agreement	19.72%
Some	69.01%
Little	5.63%
None	4.23%
	0%

5. Plan Communicate Your Dept's Story to CM and City Council?

Other	23.94%
Very Well	19.72%
Well	39.44%
Fair	11.27%
Not Well	5.63%
Not at All	0%

6. Would You Like to Participate Next Year?

Other	0%
Yes	67.61%
No	4.23%
Maybe	28.17%

7. Did You Understand the Objectives of The Process?

Other	1.41%
Very Well	28.17%
Well	49.30%
Fair	16.90%
Not Well	4.23%
Not at All	0%

8. Did You Understand Other Dept's Goals and Missions?

Other	1.41%
Very Well	4.23%
Well	26.76%
Fair	32.39%
Not Well	15.49%
Not at All	19.72%

Year Two

Starting a strategic planning process has to be viewed as a multi-year endeavor. It is rare year when a city staff has the unbounded time it would require to implement a full-blown process. Time is not the only issue, however. Two other important considerations are cultural readiness and flexibility. Most cities, or any organizations for that matter, have to warm up to a new way of thinking. With new concepts it makes sense to go gently, to make sure time spent has definite payoffs and is not too taxing. It does little good to implement a planning process with strong participative and democratic values if people either do not understand or are uncomfortable with the concepts. Second, any planning process should be adaptive. It should be able to respond quickly to organizational conventions or quirks, and it should be continually self-monitoring. The best process is one which lends structure but not rigidity. Implementing SPUDS over a period of two years provides the opportunity to watch its progress and correct its course.

As noted earlier, SPUDS had both significant successes and failures in its first year. The City of Fremont is now poised to embark on year two, with a new process which has been designed to build on those successes and pointedly address those weaknesses. The design consists of six steps.

Step One

1988 plans will be revisited and the departments will revise as necessary. This step is tailored to each department. Some may require greater work, others, very little. Conceptually, however, the same SWOT framework will be used, simply adding information gleaned from the most recent year into its grid. Also part of this step will be a quick review of progress on strategies.

Step Two

Each department will list specific objectives associated with each strategy for the coming year. This step takes last year's plans to one further level of detail: the objective. An objective is *a specific action statement designed to help carry out the strategy*. For example, the City Clerk's Department might outline one element of its plan in the following way:

Issue: Increased Citizen Information requests.

Strategy: Use automated devices to free up staff time from the more routine requests.

Objective: "Install a voice mail pilot project in the City Clerk's Office by August 1, 1989."

The purpose of this level of detail is to help the departments establish measurable markers - markers which will be more concrete than the strategy level, and will provide a criteria by which to measure progress and success. They will also help interdepartmental communication, as noted in greater detail below.

Step Three

Each department lists the departments which:

1. Will be affected by their plan in the coming year.
2. Will be critical to the attainment of their objectives.

Copies of the department's plans will then be distributed to those departments listed as either affected or critical. This is the first step in interdepartmental communication.

Step Four

Each department briefly presents its plans to an audience comprised of those departments which it listed as critical to the execution of its plan. Attendance is mandatory. The focus of the presentation will be the general parameters of the plan and then, for time considerations, only those specific objectives which will require interdepartmental coordination. There will be time for questions and answers.

Step Five

Each department will have follow-up meetings with each critical department to establish contracts. A contract is a *negotiated agreement between two or more departments for a plan of action or a delivery of a service. It is an objective which is mutual.* These meetings will be coordinated by the department facilitators, and will vary in length depending on the number of contracts needed or the complexity of the arrangement. Examples of contracts:

The Public Works department will work with the Leisure Services Department to establish a system to rate park maintenance.

Management Analysis will conduct a space leasing study for the Finance Department.

The contract is the heart of the year two SPUDS. It is designed to force not only interdepartmental communication, but also interdepartmental *coordination*. The intent of this component of the process is to bring interdepartmental staff together

to establish short-term objectives within the framework of the larger strategic plan. There is no doubt there will be areas of disagreement or divergent priorities. Every effort will be made to resolve these issues in facilitated negotiation sessions, but those issues which remain unresolved will be stated in the final plan as an appendix to the strategies. It is critical for these areas to be stated and acknowledged. The City Manager and the City Council will have a final opportunity to resolve them.

Step Six

The final step will have the departments make presentations to the City Council. These presentations will not be conducted in one long session, however. The objective of interdepartmental communication achieved at this point, each department will have a more intimate meeting with the City Council to allow more time for interaction. Immediately following the plan presentation will be the budget work session for that department. This will reinforce the link between the strategic plan and the supplemental budget requests, which was one of the original objectives of the process.

Conclusion

There is still much to learn in the application of strategic planning for the city. One of the most remarkable aspects of the process was the "opening up" it fostered. Governments are often called to task precisely because they lack a profit motive. Common wisdom has it that the lack of the profit motive causes them to become lazy and wasteful. In fact, the wellspring of staff motivation comes from public accountability. Often a government will go wrong not because of laziness, or a bourgeois bureaucratic dull-mindedness, but simply because public servants respond too heartily to the public call; they rush to the onslaught of details, and soon find themselves in a hopeless bind.

The City of Fremont's SPUDS' greatest value was to break this cycle. Immersion in work and attention to detail does a disservice to communication. The essence of any planning process is the meeting of minds - and this requires a forum for discourse. Indeed, the public sector has gleaned a valuable lesson from the private sector; it has learned to execute its public charge better. It is a new understanding of public accountability, an understanding which requires not simply the accomplishment of day to day tasks, but one which requires the application of trained minds to create better visions for the future.

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